



Illinois Department of Financial and
Professional Regulation
Bryan A. Schneider, Secretary

NEWS

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Illinois Banking Regulators, Federal Reserve Release 2016 National Survey on Community Banking

Concerns about regulation and the state's overall economic growth top list

ST. LOUIS - The Illinois Department of Financial and Professional Regulation Division of Banking, in conjunction with the Conference of State Bank Supervisors (CSBS) and the Federal Reserve, published this week *Community Banking in the 21st Century: Opportunities, Challenges and Perspectives*, an annual report that features the findings of a nationwide survey on community banking and state-by-state banker interviews.

The report was released in conjunction with the Community Banking in the 21st Century Research and Policy Conference, hosted by the Fed and CSBS at the Federal Reserve Bank of St. Louis on Sept. 28-29, 2016.

Illinois highlights from the state-by-state banker interviews include:

- Illinois bankers are concerned about the state's overall economic growth
- Financial literacy is a significant concern among Illinois bankers
- The TILA-RESPA Integrated Disclosure rule was cited the most time-consuming and burdensome regulation to which Illinois bankers must comply
- Illinois bankers are seeing increased competition from nonbank entities, credit unions and the Farm Credit System
- Illinois bankers in rural areas are facing challenges with recruiting millennials

Highlights from the national survey include:

- Bankers are seeing an active merger and acquisition market as 20 percent of banks surveyed made an acquisition offer in the past year
- Regulatory burden is still a top concern among bankers, was cited the number one reason for banks exiting an activity

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- The TILA-RESPA Integrated Disclosure rule was cited the most costly regulation, accounting for 23 percent of all compliance expenses
- Surveyed community banks saw an increase in small business lending activity by more than seven percent
- Bankers saw a slight decrease in dollar volume of overall small business lending, totaling \$340 billion
- Approximately 75 percent of surveyed banks made small business loans to customers in 2015 of which they had a previous relationship

“The findings of the survey provide a beneficial glance into the attitudes of the banking industry on a micro-macro level,” said Bryan A. Schneider, IDFPR Secretary. “It is clear from the responses of our state bank stakeholders that meaningful structural reforms are vital to creating a regulatory environment conducive to strong economic growth and opportunity.”

The 2016 national survey was developed and administered with the assistance of Cornell University’s Survey Research Institute (SRI). It was distributed by state bank commissioners in 30 states. A total of 557 community bankers participated. The survey provides a comprehensive view of what bankers are thinking surrounding key issues facing their industry and how they are responding to changes in their markets. The state-by-state banker interviews were conducted by state banking commissioners from 29 states.

The *Community Banking in the 21st Century: Opportunities, Challenges and Perspectives* report is available online at www.communitybanking.org.

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